

## **ASNE Day 1997**

### **ASNE Acquisition Reform Program Summary**

The idea for a joint ASNE Day 1997 and Acquisition Reform Program was born out of necessity. As soon as it was announced that the Department of Defense's acquisition reform standdown coincided with ASNE Day, ASNE President Bob Scott and Executive Director Dennis Kruse sprang into action. They met with Mr. Daniel G. Porter, Navy Acquisition Reform Executive to offer ASNE support for the Navy's acquisition reform standdown. After an agreement was reached to develop a joint program, two long-time members of the ASNE community took the lead: Dr. Alfred Skolnick, ASNE Past President, 1985-89, and Mrs. Sally Skolnick, ASNE Executive Director-Emeritus. Working closely with Ms. Alex Bennet, Director of Education, Communications and Training for Navy Acquisition Reform Office, they developed a comprehensive program placing a special emphasis on Navy-industry collaboration.

The resulting program drew raves with more than 500 ASNE Day '97 attendees participating in the various Acquisition Reform-oriented events. These ranged from an opening plenary session with a keynote address by Mr. Dan Porter, followed by a panel, chaired by Capt. Mo Gauthier, USN, LPD-17 Program Manager, on "Acquisition Reform in Transition." The afternoon session, "Acquisition Reform—Making It Work," centered on a real life acquisition case study, followed by a moderated discussion with audience participation on "Overcoming Barriers and Building Trust," led by Mr. Dave Bennet, Chairman of the Board, Dynamic Systems Inc. The final morning of ASNE Day '97 featured six focus sessions on the topics of Issues of Contractor Teaming, COTS/NDI supportability and Maintainability, Teaming—IPTs, Modeling and Simulation Based Acquisition, Past Performance as Evaluation Factor and Presentation of Proposals. The acquisition reform track at ASNE Day '97 wrapped up with ASNE's participation in the Navy's virtual town meeting via satellite on the final afternoon.

The complete text of the keynote address by Dan Porter is included in this issue of the Journal as is the complete scope of Capt. Gauthier's acquisition reform panel, with members Karen Sorber, NARO, Joe Pennisi, Hughes, MGEN Mike Hough, USMC and RADM Paul Robinson, USN.

The following discussion provides a synopsis of the Acquisition Reform concurrent focus sessions followed by a list of acquisition reform resources for readers interested in additional information.

## ***Focus Session 1: Contractor Teaming***

**Government:** Radm. Kathleen K. Paige, USN  
Commander, Naval Surface Warfare Center

**Industry:** Mark Trenor  
Manager, C3I Programs, Lockheed Martin, Inc.

This acquisition reform session examined the motivation and potential payoffs for contractor teaming. Sea Athena, a cooperative effort between Lockheed Martin, Hughes Aircraft and Raytheon E-Systems, was examined. Joining Radm. Paige and Mr. Trenor for this panel were representatives from the Sea Athena contractor team: Wayne Cantrell, director, CEC programs, Raytheon E-Systems; Stanley Ralph, AEGIS program technical leader, UYQ-70 Display and Computing equipment, Lockheed Martin; Mark Roberts, systems engineering manager, Advanced Program Development, Hughes Aircraft Naval and Maritime Systems.

The goal of Sea Athena is to develop a library of common theater command and decision functions derived from three ongoing parallel Navy programs, AEGIS weapons systems, Cooperative Engagement Capability, and Integrated Combat Direction System. The Sea Athena concept evolved from a need to reduce costs and duplication occurring within the three programs in order to support 6 different platforms (CG 47, DDG 51, SC 21, CV/CVN, LPD, LX). The Sea Athena initial integrated product team structure is in-place and illustrated here.

The panel highlighted a wide variety of observations and issues including: What is an optimum teaming arrangement? Who's in charge? How is corporate advantage preserved in a teaming structure (protection of original ideas, etc.)? Physical co-location vs. virtual organization? How do you protect against personnel raiding? Disclosure of pricing information? How is oversight applied? How are legitimate deadlocks arbitrated? How do you calculate and assign work share? How do you ensure continued and consistent corporate commitment to the teaming arrangement?

The panel concluded that there is no magic. Very real problems lurk beneath the surface of any teaming arrangement and structure with no single best answer for all cases. A strong sense of commitment is required from both the Navy and industry. . Trust and personal integrity are going to be key to the success of this relationship.

## ***Focus Session 2: COTS/NDI Supportability and Maintainability***

**Government:** RADM David P. Sargent, USN  
PEO for Carriers, Littoral Warfare and Auxiliary Ships

**Industry:** Thomas A. Pugh  
Director, Advanced Programs, Logicon Syscon

The objective of this session was to address the implications of increased dependence on COTS/NDI equipment and computer programs and the resulting impact in naval systems. COTS is not new, the federal government has been using COTS hardware for a

long time, however, DoD no longer drives the marketplace in the high technology arenas.

The session format included presentations from three engineers on the experience and lessons from COTS/NDI usage in three different aspects of naval systems life cycle. Mr. Brian Blackwell, Manager, Systems Engineering Department, NSWC Crane Division reviewed experiences in replacing original components in existing critical weapons systems with COTS components. Mr. Jamie Durbin, Manager, Computer Systems Engineering Department, Lockheed Martin, described challenges in extensive COTS/NDI usage in the next major upgrade to the AEGIS weapons System configuration. Mr. Michael Wood, NSWC Dahlgren Division described some pros and cons experienced in the direct use of COTS equipment in the AEGIS land-based computer center testing facilities. The audience asked numerous questions of the panel and offered other experiences and views.

The presentations and experiences from all three presenters yielded some common conclusions, a few of the key ones being:

- Use of COTS/NDI is essential both financially and technically
  - increased product selection
  - Lower upfront design costs
  - Latest market-driven technologies
- Integrating COTS/NDI into systems is done at various levels from individual components, to full up devices depending on the application
- Frequent upgrades in COTS electronics and computer software presents significant challenge in supportability for the military who must maintain support for long periods
  - life cycle disconnects between total systems (i.e. 20-30 years for ships) and COTS components (6 mo. to 2 years for electronic components)
  - Larger number of upgrades
- COTS/NDI usage in naval systems requires a **continuous and significant engineering effort** to meet the needs and expectations of the customers
  - All COTS is not alike; COTS is not COTS
  - Significant integration challenges
  - Requires migration plan for technology insertion
  - Important of testing

### ***Focus Session 3: Teaming—IPTs***

**Government:** Col. James M. Feigley, USMC

**Direct Reporting Program Manager, Advanced Amphibious Assault**

**Industry:** Michael Bolon, Vice President, General Dynamics Amphibious Systems

This focus session, presented by the government and civilian counterparts for the US Marine Corps Advanced Amphibious Assault Vehicle (AAAV) Program, highlighted their implementation of integrated product and process development (IPPD) and the focus on its two key elements: integrated product teams and product development processes. General Dynamics' contract for the AAAV requires that they employ an IPPD systems engineering, management approach and organizational structure. In addition, the contractor is required to support this IPPD effort using a computer-based virtual prototype allowing each IPT member near real-time access to the current configuration of the AAAV. The AAAV program team, including General Dynamics personnel, Marine Corps, and subcontractors, is working together co-located in the AAAV technology center, in Woodbridge, VA. The facility includes simulation and integration laboratories and prototype assembly bays.

The existing twenty-eight integrated product teams are structured largely around the product WBS since the contract requires IPTs corresponding to each 2nd level element of the vehicle work break-even structure. Multi-disciplinary teams include government, design engineering, ILS, manufacturing and test engineering, suppliers/team members, finance, cost analysis, contracts and procurement. Decisions are made at the lowest level with requirements, resources and constraints self-contained for each IPT. Key to the success of the AAAV arrangement is a strong focus on employee training in the areas of IPPD/IPT, computer aided design, virtual design database, project scheduling, requirements traceability, cost performance reporting and procurement training. The award fee criteria is well defined in the contract and most importantly, linked to the performance of the team as a whole. Employee incentive is linked to the award fee as well with every team member awarded the same amount.

Their presentation concluded with a frank discussion of what is working well and what needs improvement. The IPT arrangement coupled with the physical co-location has resulted in a high degree of respect, trust and openness. There is a recognition of a common goal with small groups accomplishing more. A multi-disciplinary point of view has emerged with a better understanding of cost and increased user involvement. Areas needing improvement are clearer sets of responsibility, and authority to responsibility relationship. There's still too much administrative overhead. There's a need to come up with a mechanism to provide feedback, both good and bad to individual teams. One of the most important areas needed improvement is process definition and the synthesis of systems engineering and the IPT structure.

### ***Focus Session 4: Modeling and Simulation Based Acquisition***

**Government:** CDR Dennis McBride, USN

**Chief Scientist for Modeling & Simulation, Naval Research Laboratory**

**Industry:** Stanley C. Beckelman  
President, Boeing Information Services Corporation  
Otto P. Jons  
Senior Vice President, Advanced Marine Enterprises

CDR McBride started the panel by making 5 assertions: 1) Using Modeling and Simulation to reform acquisition is not new, emulation is the only way we've ever acquired systems in the past. What is new is the need to get out in front and apply the technology; 2) There are technology limitations that need to be considered, 3) simulation is very valuable in the area of requirements, allowing the appropriateness and fidelity of the requirements to be examined, 4) Need to operate in the requirement space versus the solution space and 5) This is a little bit silly.

### ***Focus Session 5: Past Performance as Evaluation Factor***

**Government:** Elliot B. Branch  
Executive Director, Acquisition & Business Management, ASN(RDA)  
**Industry:** Richard B. McFarland  
President & COO, VSE Corporation

Mr. Elliot Branch kicked off the session by providing a brief history of how we got to past performance today. Initially the government hoped to streamline the development and delivery of past performance data by requiring one single formatted report. But they found that this would not work, One size could not fit all. In fact, a study performed for the Navy by Arthur D. Little, recommended that the government consider the needs within several specific business areas: . Collecting past performance data according to the thresholds originally established in the XX didn't make sense. A threshold value of \$100,000 would have required some 100,000 reports within the Navy. Increasing the contract value threshold to \$1,000,000 reduces this to a more manageable 10,000 contract to be administered among approximately 400 contracting officers within the Navy. Past performance is simply a record of whether the contractor has in the past, kept promises.

Richard McFarland discussed the activities of the Industry Conference Board at the Industrial College of the Armed Forces and the work of the Council of Defense and Space Industrial Associations (CODSIA) in this area. A primary concern is the relevancy, accuracy and validity of data. Another concern is that reclama to poor past performance are not universally allowed. Several questions were raised by the audience regarding how the new kid on the block receives a fair consideration and how does the former sinner receive redemption. One way to deal with new suppliers is to reward them a neutral rating, there is some concern that this is not sufficient. Poor past performers can show how they've solved previous problems in their new system. There was a comment regarding following private industry in how they choose suppliers. Mr. Branch identified three differences between government and industry that make this more difficult: government must show due process, is regulated by the Competition in Contracting Act and contractors are accountable to shareholders.

## ***Focus Session 6: Oral/Video Presentation of Proposals***

**Government: Kenneth Buck,**

**Director for Acquisition Management and Procurement Executive,  
Department of Commerce**

**Douglas Cliff**

**Contracting Officer, Patent and Trademark Office**

**Department of Commerce**

**Steve Cochran**

**Council on Excellence in Government**

**Industry: Dr. William M. Ewald**

**Vice President , MACRO, International, Inc.**

This final Acquisition Reform session highlighted the advantages and potential pitfalls of oral and video presentation of proposals. Kenneth Buck highlighted some of the latest issues regarding oral/video presentations. These included: location, time limits, scoring, attendees and substance. In the past, government contracting officers preferred to hold presentations at government locations in order to maintain a greater degree of control over the proceedings. This restriction is being eased somewhat to allow use of the contractor's facility. Contracting officers should exercise common sense with respect to time limits for presentations. The scope and complexity of a specific procurement should drive the time allotment. In the past, there had been some attempts on the part of the government to restrict participation in the oral discussions to program personnel vs. management. The contractor is now given more leeway with respect to determining who should present their proposal.

Bill Ewald discussed the need to provide education on using tools like oral/video presentations to ensure fair and open competition. He cited the stance of the Council on Defense and Space Industrial Associations (CODSIA) that oral and video presentations are a step forward in efficiency and can serve as a useful discriminator if used properly. They do feel that oral presentations should be recorded in some way (video or transcribed) to provide a record of the activities. There is some concern on the part of program personnel that the answers to some questions can require substantive thought. This might be better served by a written response. Another concern is the personal chemistry, both good and bad, that can arise in face to face presentations. Bill expressed a concern that research shows that 75% of the people receive information visually. This indicates that oral presentations must be used as a supplement, not a substitute for the written word. Video is an excellent tool for demonstrating technology, user in the loop ideas, and complex concepts and approaches. There is some concern that smaller companies with lesser resources might be discriminated against.

Doug Cliff discussed some practical guidelines based on his recent experience with the PTO's Information Research and Facilities Services procurement. At the outset, contractors must receive clear instructions that are enforced. On this particular procurement they requested black and white transparencies. They provided specific information to the contractor teams regarding facilities and resources available at the time of the presentation. He recommended that orals presentations be videotaped and

suggested that offerors be escorted in and out of the presentation venue promptly to avoid unfair advantage to any one team. Doug felt strongly that oral presentations can serve as a test or discriminator, distinguishing between those who can and those who can't.

The overall conclusion is that oral/video presentations are here to stay and have a place in the federal procurement process if performed properly.